

Newberg Pavement Maintenance and Funding Master Plan

Ad-Hoc Advisory Committee Meeting #3

Wednesday, August 31st 3:45 – 5:45

Permit Center – Large Conference Room, City Hall

DRAFT Meeting Summary

Committee Members Present:

Bob Andrews, Mayor
E.C. Bell, Chehalem Valley Presbyterian Church
Carr Biggerstaff, Chehalem Valley Chamber of
Commerce
Don Clements, CPRD
Dave Hampton, Friendsview Retirement
Community
Patrick Johnson, Council
Greg McKinley, A-DEC
Jack Reardon, Citizen
Bill Rourke, Citizen
Maureen Rogers, Chapters

Committee Members NOT Present:

Fred Gregory, GFU
Dave Parker, Newberg School District
Matt Zook, City of Newberg Finance

Staff and Consultant Team Present:

Joe Hannan, City of Newberg
Kaaren Hofmann, City of Newberg
Jay Harris, City of Newberg
Deb Galardi, GRG
Kristen Kibler, JLA
Nick Popenuk, Tiberius Solutions LLC
Tony Roos, Kittelson

Public

Mark Grier

Welcome/Meeting Purpose

The purpose of the meeting was to follow up on some topics raised at the previous meeting and learn about and discuss street user fee or transportation utility fee allocation models. The information would be taken to a public meeting open house next month. Committee member introductions were made for the benefit of the two consultants, Deb Galardi and Nick Popenuk, who would be presenting on different type of fee allocation methods.

Prior to the meeting, some background materials were distributed -- detail on the street fund line items, description of utility fees document, and a document showing other Oregon cities and methodologies and revenues collected from their street utility fees. The August 3rd meeting summary had also been distributed to the group prior to the meeting. There were no edits requested for the meeting summary. It will be posted on the website.

There were no public comments at this time.

Follow Up Topics From Last Meeting

Tony Roos reviewed some map comparisons with the committee to answer questions raised at the last meeting about increased funding and also frontloading improvements with a larger amount of spending, such as a bond and then an increase level (from today) of pavement maintenance spending. He compared several maps showing forecasted pavement conditions in 10 years with the 2014 pavement conditions map (with street coded green, yellow, red for road conditions). He showed what happens 10 years from today's conditions with increased spending of \$2.3M and \$2.9M annually and also what happens if \$5M is spent in the first year, with later annual expenses on \$1.7M (total of \$23M over 10 years). There was a question about how a bond is repaid. A revenue bond could be paid back with a street fee/TUF or other expected revenue. It is defined to be paid back over a set period of time. See powerpoint of maps showing these scenarios.

Jay Harris followed up on the topic of a local gas tax, which had been raised at previous council meetings and at the last adhoc committee meetings. He explained that Council is moving forward to collect information on how a local gas tax would work and what it would take to put a local gas tax on the May ballot. This would be a second phase of funding for pavement maintenance. A transportation utility fee/street user fee is being looked at as a first phase that can be addressed sooner. It is estimated that a \$0.06 tax per gallon local tax on gas sales in the City of Newberg would generate about \$800,000/year in revenue (rough numbers based on previous sales history). There was a question on what the cost of administering a local gas tax is. This would depend on how the fee is collected.

Patrick Johnson reported that he had talked to some gas stations about a gas tax and had heard that they did not want to see it priced so high that it sent people outside the city to purchase gas. He also heard from those he spoke with that a local gas tax should only be spent on pavement/roads, not sidewalks, trees, or other modes, etc.

Kaaren Hofmann reviewed more detailed line items for revenues and expenditures from the street fund. She described the System Development fund, which is only used for capacity improvements and review street capital projects. A detailed spreadsheet was distributed in advance of the meeting. The group asked questions of Kaaren:

- How much is planned in next year for major projects?
 - Federal funds go toward major projects only, not pavement maintenance.
 - About \$325K of gas tax available for projects
- LED street light conversion will start to show results
- Is this expense/admin reasonable/typical?
 - Russ Thomas feels like it's bare bones on operations
- Some cities don't take personnel cost out of gas tax revenue. This is how Newberg budgets.

Committee Discussion of Fee Allocation Methods

Consultants Deb Galardi and Nick Popenuk gave a presentation on Transportation Utility Fees (see presentation) – what they are, how they work, different models for allocating and collecting the fees, and which Oregon cities are using and how. Nick reviewed a very rough set of fee numbers for different types of land uses, i.e. residential, church, gas stations, etc using the different methods that would achieve total revenue of approximately \$1.3M per year. ***The sample fees shown were not based on exact number of users or actual factors, such as square footage, that would be necessary for calculations. These were for illustration of the different type of fee allocation models only for discussion.*** The group reviewed the different types of fee models – flat fee, flat fee within class, variable fee within class, and trip generation. The classes are based on recognized industry codes (ITE Codes) for uses, including assumptions on trips per class. The group discussed what might be an appropriate approach for City of Newberg. The committee discussed and asked questions:

- Why did you use \$1.3 revenue? This was based on the idea that about \$2.3 is needed on an annual basis to maintain average pavement in the city. The remainder is assumed to be funded through the existing state gas tax Newberg receives and a second phase of funding, possibly a local gas tax. The number provides a basis for calculating.
- Is there an ITE code for churches? Yes, but using variables within classes allows assumptions on size and use of church by considering square footage, some include types of facilities. It was noted that residents may pay a household fee and then pay as a church member.
- Some uses pay less because they create pass-by trips, meaning they are not creating a new trip.
- Would all the types of fees show up on municipal bill (same for residents/non residents)? All of these could be collected using the municipal bill.
- How are classes grouped within flat fee? Most residential property would fall in the lower class. There would be few in the higher classes.
- There may be special class (limited categories) that can't be calculated with square footage. These might be school or parks, where staff, students, etc. are the # of units calculated (not square footage) and gas stations. Caps can be added to these fees.
- Are there classes with the residential category? There can be differences between single and multi-family units.
- Is there a way to cap the fee for residents? The city could cap total residential fees by picking a proportion that residential vs. non residential uses pay. i.e. 50/50 or 70/30.
- Is there a model that would proportion who is benefitting from street improvements? This is somewhat subjective – everyone benefits from the arterials and collectors. Few benefit from maintenance on smaller residential streets, but working toward maintenance of all the streets would be the longer range look.
- What is the ability for businesses to pass on rates to customers? It depends on the type of business. All the coffee shops in town could add a few cents, but they cannot go beyond what customers are willing to pay. The group talked about how residents pay and then may pay the passed along expense.

- The group discussed total revenue, percentage applied to residential vs. business and fairness.
- Are there waivers/exemptions from the paying the fee? Generally there is not. There is an example of one city that does not charge for households without a vehicle.
- The group discussed the impact and on fixed income/low-income households. There is general concern about how this would affect some households.
- The group discussed the “water bill,” which is a “municipal bill” to cover public services. Many of the bills are in the \$150 range for water plus will have additional user fees.
- They discussed whether there were differences in administering fees. Using an existing system (municipal bills) would be easy. It helps to be flexible, but not so complex to increase admin.
- Do school districts pay these fees? Yes, but basis can be on number of students or other factors and not square footage.
- Is fee based on assessed values? Property records are used for square footage of non-residential properties, not the property value.
- Could other factors be looked at, such as different zones in the city, number of car registrations, vehicle registration fees (the state has specific rules around registration fees.)
- Could the fee sunset or end after a certain amount of time? This is possible.
- The group discussed what the community concerns might be, specifically the residential rates and issues with the municipal bill. Several commented that it would need to be clear what the benefit is from the fees paid. There was interest in surveying residents.

Generally, most in the group seemed to lean toward the VARIABLE WITHIN CLASS model, which is seen by the consultants as being the easiest to work with based on what other similar sized cities are doing, the simplicity with variation for fairness, etc. However, the group did not discuss in detail whether this was the preferred model if a transportation utility fee moved forward. Some thought simpler might still be better. The adhoc committee is interested in hearing more from the community on a fee.

Public Meeting – Wednesday, September 28 5-7 p.m.

A drop in meeting will be held at the Public Safety Building to share information about pavement conditions and funding issues. The 10-year type approach for increased spending on pavement maintenance will be shared and the information about transportation utility fees will be presented. The community input, as well as more specific numbers, will be brought back to the next meeting.

Meeting Adjourned